

ANNUAL REPORT

for the fiscal year ending

MAY 31st, 1938

AGNEW-SURPASS
SHOE STORES
LIMITED

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TENTH
Annual Report

for the fiscal year ending

MAY 31st, 1938

to be submitted at the Annual Meeting
of Shareholders to be held at the Head
Office of the Company, Brantford, Ontario,
September 7th, 1938, at 10.30 am., E.S.T.

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BRANTFORD, ONTARIO
CANADA

TENTH
ANNUAL REPORT OF THE DIRECTORS
of
AGNEW-SURPASS SHOE STORES
LIMITED

BRANTFORD, JULY 20TH, 1938

TO THE SHAREHOLDERS:—

Your Directors submit herewith Consolidated Balance Sheet as of May 31st, 1938, together with Profit and Loss and Surplus Account for the year ending that date, of Agnew-Surpass Shoe Stores, Limited and subsidiary Company.

Sales and earnings again show an improvement over a year ago which, in view of business conditions prevailing, especially during the last half of the year and the necessity of writing down inventories to present market values, is considered satisfactory. Sales were \$2,862,944.29 (after eliminating sales from factory to store company). Operating profits amounted to \$230,236.07 and after deducting \$72,124.28 to cover depreciation, Federal and Provincial Income Taxes and Directors' fees, and adding miscellaneous adjustments of \$2,002.17, there remained a Net Surplus for the year of \$160,113.96.

Net Working Capital shows an increase of \$28,023.92 over a year ago, and Fixed Assets increased \$19,757.31, practically all to supply additional warehouse space and equipment for new Stores, of which six were opened during the year, making a total of eighty Stores in operation as of May 31st last.

All dividends due on the Preference Shares have been paid and from the Profits remaining, your Directors have declared dividends totalling sixty cents per share on the Common stock, together with a bonus of 20 cents per share, the dividend for the last half of the year and bonus being payable September 1st next, making 80 cents per share from the year's operations, being the same amount as the previous year.

Your subsidiary now holds 1238 of the Cumulative Preference shares of the Company, thus reducing the number of shares outstanding in the hands of the public to 8762 shares.

Your Directors wish to record their thanks to Department officials, Store managers and employees for their loyal support and interest taken in the affairs of the Company during the past year.

On behalf of the Board,

J. ELLIS WARRINGTON,

President.

AGNEW-SURPASS SHOES AND SUBSIDIARIES

Consolidated Balance Sheet

ASSETS

CURRENT ASSETS:

Cash on hand.....	\$ 5,316.10	
Accounts and Bills Receivable...\$ 180,129.29		
Less Reserve for Bad Debts..... 10,492.04		
	169,637.25	
Merchandise Inventories, determined by physical stocktaking for subsidiary company and book inventories, periodically verified, for stores and warehouses, and valued at the lower of cost or market, as certified by the management.....	1,241,661.05	
Advances to Employees, including Employee Shareholders.....	4,741.16	
Prepaid Expenses and Accrued Revenue.....	9,257.89	
		\$1,430,613.45
LIFE INSURANCE AND FIRE INSURANCE DEPOSITS.....		12,312.05
SUNDRY LOANS (NET).....		18,565.49

FIXED ASSETS at depreciated appraisal values per appraisals of Canadian Appraisal Company, Limited dated May 17th and 18th, 1928, plus subsequent additions at cost (except for Lasts, Dies and Patterns which are shown at nominal value):

Land.....	\$ 76,365.00	
Buildings.....	227,382.35	
Plant, Machinery, etc.....	109,650.14	
Furniture and Fixtures.....	198,514.58	
Improvements to Leasehold Properties.....	33,374.73	
Automobile.....	1,945.00	
Lasts, Dies and Patterns.....	33,000.00	
	\$ 680,231.80	
Less Reserve for Depreciation.....	279,363.58	
		400,868.22
PATENTS UNDER LEASE AND PRODUCING REVENUE.....		15,000.00

\$1,877,359.21

Approved:

J. E. WARRINGTON FRANK BAUSLAUGH

Directors of Agnew-Surpass Shoe Stores, Limited

SHOE STORES, LIMITED

SUBSIDIARY COMPANY

Balance Sheet as at May 31st, 1938

LIABILITIES

CURRENT LIABILITIES:

Bank Overdraft (Net).....	\$ 71,845.64
Accounts Payable.....	189,945.65
Accrued Wages and Expenses.....	18,374.47
Provision for Taxes.....	44,353.95
Dividend declared, payable July 2nd, 1938.....	15,333.50
	<u>\$ 339,853.21</u>

EQUITY OF MINORITY INTERESTS IN SUBSIDIARY COMPANY: 960.00
(Shares owned by Directors as qualification)

FIRE INSURANCE RESERVE..... 25,817.78

CAPITAL AND SURPLUS:

Capital Stock:

7% Cumulative Convertible Preferred:

Authorized, 15,000 shares of \$100 each

Issued, 10,000 shares..... \$1,000,000.00

Less 1,238 shares held by
subsidiary company..... 123,800.00

\$ 876,200.00

Common:

Authorized, 135,000 shares of no
par value:

Issued, 80,000 shares..... \$ 266,456.14

Less 375 shares held by subsidiary
company..... 1,249.01

265,207.13

Earned Surplus..... 369,321.09

1,510,728.22

\$1,877,359.21

AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the books of Agnew-Surpass Shoe Stores Limited and its Subsidiary Company for the year ended May 31st, 1938, our examination of the individual store records consisting of a test of the periodic cash reports.

We have obtained all the information and explanations we have required and report that, in our opinion, the above Consolidated Balance Sheet is properly drawn up so as to exhibit a true and correct view of the state of the affairs of the said Companies according to the best of our information and the explanations given us and as shown by their books.

Toronto, Canada, July 6th, 1938.

THORNE, MULHOLLAND, HOWSON & McPHERSON
Chartered Accountants

AGNEW-SURPASS SHOE STORES, LIMITED
AND SUBSIDIARY COMPANY

Consolidated Profit and Loss and Surplus Account

(Year ended May 31st, 1938)

EARNED SURPLUS, BALANCE, JUNE 1ST, 1937.....		\$ 342,273.63
Net Operating Profit for year, after deducting remuneration of execu- tives and legal fees, \$42,955.27 but before undermentioned items	\$ 230,236.07	
<i>Deduct:</i>		
Provision for Depreciation.....	\$ 38,254.28	
Provision for Federal and Pro- vincial Income Taxes.....	33,160.00	
Directors' Fees (other than Execu- tives).....	710.00	
		\$ 72,124.28
NET EARNINGS FOR YEAR.....	\$ 158,111.79	
Add Miscellaneous Adjustments	2,002.17	
NET SURPLUS FOR YEAR.....		160,113.96
		\$ 502,387.59
<i>Deduct:</i>		
Dividends on Preferred Stock	\$ 70,000.00	
Dividends on Common Stock.....	72,000.00	
	\$ 142,000.00	
Less Subsidiary Company's Portion	8,933.50	
		133,066.50
EARNED SURPLUS, MAY 31ST, 1938.....		\$ 369,321.09

EXECUTIVE OFFICERS

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J. ELLIS WARRINGTON
President

FRANK BAUSLAUGH
Vice-President and General Manager, Brantford

K. R. GILLELAN
Secretary-Treasurer

H. H. GIBAUT
Assistant Secretary-Treasurer

H. M. MILLAR
Assistant Secretary

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BOARD OF DIRECTORS

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M. JOHN SHEEHY

RUSSELL D. BELL

JOHN BAUSLAUGH

J. ELLIS WARRINGTON

HAROLD A. GREENE

FRANK BAUSLAUGH

EIGHTY

AGNEW-SURPASS SHOE STORES

ONTARIO

BARRIE	LINDSAY	TORONTO
BELLEVILLE	LISTOWEL	106 Yonge
BRANTFORD	LONDON	252 Yonge
166 Colborne	MIDLAND	729 Yonge
16 Market	NIAGARA FALLS	2512 Yonge
BROCKVILLE	515 Queen St. So.	505 Danforth
CHATHAM	1904 Main St. So.	686 Danforth
COBOURG	NORTH BAY	2040 Danforth
CORNWALL	ORILLIA	606 Bloor St. W.
DUNNVILLE	OSHAWA	952 Bloor St. W.
GALT	OWEN SOUND	1216 Bloor St. W.
GODERICH	PETERBORO	2310 Bloor St. W.
GUELPH	PORT COLBORNE	2948 Dundas St. W.
HAMILTON	PORT HOPE	992 St. Clair Ave. W.
71 King, E.	SARNIA	1232 St. Clair Ave. W.
13 Market Sq.	SAULT ST. MARIE	424 Eglinton Ave. W.
272 Ottawa, N.	SIMCOE	WALLACEBURG
HANOVER	SMITH'S FALLS	WELLAND
INGERSOLL	STRATFORD	WHITBY
KINGSTON	SUDBURY	WINDSOR
KITCHENER	ST. CATHARINES	359 Ouellette Ave.
LEAMINGTON	ST. THOMAS	1410 Wyandotte St.
		WOODSTOCK

QUEBEC

MONTREAL	THREE RIVERS	QUEBEC
1111 St. Catherine W.		10 St. John

NEW BRUNSWICK

CAMPBELLTON
FREDERICTON
MONCTON
SAINT JOHN
677 Main
187-189 Union
ST. STEPHEN

NOVA SCOTIA

AMHERST
GLACE BAY
NEW GLASGOW
SPRINGHILL
SYDNEY
TRURO
WINDSOR
YARMOUTH

PRINCE EDWARD ISLAND

CHARLOTTETOWN

Canada's Greatest Chain Shoe Stores

CANADA'S LARGEST MAKERS OF MEN'S FINE SHOES



Trim Looking Shoes

**... THAT CAN
'TAKE IT' TOO**

Smart enough to hold the spotlight at any social gathering; tough enough to stand hard wear; snug, ankle fitting comfort, no breaking in. That's why Ritchie Shoes are so popular throughout Canada.

Ritchie
SHOES FOR MEN

RITCHIE SHOES - - \$5 to \$7
RITCHIE FLEXIBLE SHOES - - \$8
RITCHIE PROP-R-ARCH SHOES \$8

The John Ritchie Company Limited

Established 1879

Canada's Largest Makers of Men's Fine Shoes

AT ALL

AGNEW-SURPASS SHOE STORES